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DEPARTMENT OF ENERGY

NOTIFICATION

The 16th December 2011

No. 10199—BT-Expr-51/2011-En.—During the current financial year the State is facing power shortage on account of inadequate hydro power generation and surge in the demand due to massive rural electrification and rapid industrialization. GRIDCO is meeting the demand of DISCOMs by overdrawing power from grid unscheduled interchange(UI), and short-term purchase including the purchase through Energy Exchange at high cost. The power purchase cost of GRIDCO has increased substantially on account of purchase of high cost Thermal Power in spot market, increase in the coal price by MCL, etc. It is estimated that the total revenue shortfall of GRIDCO during the current financial year will be about Rs. 1400.00 crore (approximately).

So far GRIDCO has managed the cash shortfall by availing term loans from Commercial Banks, overdraft facilities and deferment of servicing of principal and interest payable on NTPC Bond. It has become extremely difficult to obtain further loan on the strength of its Balance Sheet.

Against this backdrop, GRIDCO submitted a proposal for sanction of Government Guarantee of Rs. 1000.00 crore for availing funds by way of term loans from Banks/Financial Institutions and/or by private placement of bonds to tide over the financial crisis now being experienced by it and to maintain power supply to the State.

In pursuance of the approval accorded by the State Cabinet in their meeting held on the 3rd December 2011, the State Government has been pleased to sanction Government Guarantee of Rs. 1000.00 crore in favour of GRIDCO for availing loan from Banks/Financial Institutions and/or by private placement of bonds.

By order of the Governor

G. MATHIVATHANAN

Commissioner-cum-Secretary to government